

PERMANENT COMMUNITY IMPACT FUND BOARD MEETING

Department of Workforce Services
Housing and Community Development Division

MINUTES

Thursday, August 6, 2015

Members Present

Keith Heaton	Chairman
Richard Ellis	State Treasurer
Claudia Jarrett	Six County Association of Governments
Bruce Adams	Southeastern Utah Association of Local Governments
Steve Farrell	State Board of Water Resources
Gregg Galecki	State Board of Water Quality
Naghi Zeenati	State Transportation Commission
Ron Winterton	Uintah Basin Association of Governments
Jim Matson	Five County Association of Governments
Michael McKee	Uintah County
Jae Potter	Carbon County

Staff and Visitors

Tamera Kohler	Housing and Community Development
Candace Powers	Housing and Community Development
Gayle Gardner	Housing and Community Development
Shad West	Housing and Community Development
Cristine Rhead	Housing and Community Development
Michele Vobora	Housing and Community Development
Brenda Brown	Housing and Community Development
Kimberley Schmeling	Housing and Community Development
Shannon Ellsworth	Housing and Community Development
Thom Roberts	Attorney General's Office
Michael Bryant	Southeastern Utah Association of Local Governments
Emery Polelonema	Six County Association of Governments
Duane Barnhurst	Hatch Town
Ron Riggs	Hatch Town
Aaron Reaven	Oakland, California
Lora Jo Foo	Oakland, California
Thomas Dansie	Springdale Town
Gil Hunt	Bicknell Town
Brian Barton	Jones & DeMille Engineering
Ruth Dillon	Grand County
Phillip Mosher	Moab Fire Department
Eric Johnson	Blaisdell, Church & Johnson
Steven White	Grand County
James Chipp	Utah Department of Corrections
Veronica Bullock	Grand County
Alex Buxton	Zions Bank Public Finance
Curtis Nielson	Ensign Engineering
Ryan Jolley	Jones & DeMille Engineering
Rob Patterson	Blaisdell, Church & Johnson

Pat Kearney
Douglas Nielsen
Ralph Stanislaw
Ralph Okerlund
Ben Mower
Jewel Kloth
Kenneth Christensen
Craig Dutson
Mike Hawley
Elizabeth Tubbs
Diana Carroll
Rick Bailey
Craig Wright

Torrey Town
Sunrise Engineering
Archiplex Group
Six County Infrastructure Coalition
Ballard City
Best Engineering
Oak City
Oak City
Jones & DeMille Engineering
Grand County
Grand County
Grand County
Beaver County Fire Service District #1

WELCOME

The Permanent Community Impact Fund Board (CIB) Meeting was held on Thursday, August 6, 2015 in the Department of Environmental Quality's Board Room at the Multi-Agency State Office Building, 195 North 1950 West, Salt Lake City, Utah and was called to order at 8:30 a.m. by Chairman Keith Heaton.

ADMINISTRATIVE ITEMS

Financial Review

Candace Powers reviewed the status of the funds for today's meeting. There are ten new projects and one project for special consideration.

Review of Agenda Items

Candace Powers reviewed the agenda items with the Board members.

I. INTRODUCTIONS

Chairman Heaton welcomed everyone and asked Board members and staff to give introductions.

II. APPROVAL OF MINUTES

Chairman Heaton requested a motion to approve the minutes from the July 2, 2015 meeting.

Claudia Jarrett made and Richard Ellis seconded the motion to approve the minutes from the July 2, 2015 meeting as corrected. The motion carried unanimously.

III. NEW PROJECTS

1. Oak City (Millard County)

Oak City presented a funding assistance request for a \$12,500 grant to create a general plan including culinary water, waste water, storm drainage, irrigation, and city owned streets, power and recreation. The applicant is contributing \$12,500 to the project.

The applicant indicated that the plan will include a comprehensive analysis in prioritizing the town's needs and developing an infrastructure/capital improvements plan. The Rural Planning Group will be assisting the applicant with the project.

The Board asked if the applicant has complied with the State procurement law and bidding process.

The applicant stated they have.

Claudia Jarrett made and Naghi Zeenati seconded a motion placing this project on the Priority List for funding consideration at the October 1, 2015 funding meeting as a \$12,500 grant. The motion carried unanimously.

2. Town of Ballard (Uintah County)

The Town of Ballard presented a funding assistance request for a \$30,500 grant to create a transportation master plan that will be integrated with existing plans of Roosevelt City, Uintah Transportation Special Service District and UDOT. The plan will include refinement of roadway standards and include a three-year pavement preservation plan to help determine maintenance schedules. The applicant is contributing \$30,500 cash.

The applicant stated that the growth in the town has been 14% per year and the heavy truck traffic related to energy development have brought to the light the need for transportation planning.

The Board asked if the applicant has complied with the State procurement law and bidding process.

The applicant indicated their intent to put out an RFQ.

The Board expressed concern about the cost of the plan to study one main road.

The applicant stated that the study would involve several elements including pavement core samples, base asphalt thickness and transportation asset management.

Mike McKee made and Jim Matson seconded a motion placing this project on the Priority List for funding consideration at the October 1, 2015 funding meeting as a \$30,500 grant. The motion carried unanimously.

3. Joseph Town (Sevier County)

Joseph Town submitted an application for a CIB grant of \$40,000 to fund a utility master plan consisting of a study to examine water systems, roads, storm drains and secondary water that will be placed in a report and used for planning purposes.

The applicant requested that the application be placed on the Pending List.

Steve Farrell made and Naghi Zeenati seconded a motion to place this project on the Pending List. The motion carried unanimously.

4. Grand County Municipal Building Authority (Grand County)

Grand County MBA presented a funding assistance request for a \$2,280,000 loan for 20 years at 0.0% interest and a \$2,500,000 grant (total \$4,780,000) for the remodeling of the county jail and dispatch center to bring the facility up to building, fire code and jail standards. The remodel includes electronic security, hardware, electrical systems, lighting, fire prevention, plumbing, cell doors, mechanical control systems, weather proofing, structural issues, video conferencing, culinary service area, dispatch, ingress and egress. The applicant is contributing \$400,000 cash.

The applicant indicated the jail was constructed in 1992, but due to higher than anticipated construction costs, the County made several major changes in the construction to meet available funding and some of the needed facility elements were not constructed.

The applicant noted many deficiencies in meeting current building and fire codes, jail standards and overall health and safety issues for the staff and inmates indicating the jail policies are up to date, but the building is not.

The Board asked about the plan for prisoners during the remodel.

The applicant indicated that the estimated completion would be 8-12 months during which time the inmates will be housed in neighboring county facilities. The estimated cost of housing the inmates during construction could run as high as \$500,000 not including transportation or inmate medical costs.

The Board asked about the state contract for prisoners and if the revenues from the contract would be necessary to make the loan payment.

The applicant indicated that there is a resolution to add more state inmates to the jail population to assist in deferring some of the cost of this remodel, but the original funding plan does not count on the state inmates.

The Utah Department of Corrections spoke to compliance issues. The operation of the facility is in compliance but the facility itself is not and Grand County has a duty to protect the staff and prisoners. When problems were manifested, Grand County acted to prevent possible constitutional risk inherent in the current facility.

The Board inquired about the various costs indicated starting at \$2,000,000 on the capital improvement list, \$4,600,000 in the public hearing and the request before the Board is nearly \$5,200,000.

The Board expressed concern about revenue, operation and maintenance costs, and current debt.

The applicant indicated they did not want to rely on state inmates as revenue and that the general fund would be the source of payment expressing assurance that there was an ability to make the payment as requested.

The Board asked about the request for deferral of first payment.

The applicant indicated that it was insurance to build revenue and inmate population.

The Board acknowledged Grand County's revenue contribution and the desire to fund good projects in Grand County, but made reference to prior funding for jails and that it was not the practice of the Board to fund jails with equal grant and loan.

The Board discussed funding options.

Mike McKee made and Bruce Adams seconded a motion placing this project on the Priority List for funding consideration at the October 1, 2015 as a \$1,950,000 loan for 20 years at 1.5% interest and a \$2,830,000 grant (total \$4,780,000).

The Board again referred to prior jail funding and discussed a substitute motion.

Claudia Jarrett made and Gregg Galecki seconded a substitute motion placing this project on the Priority List for funding consideration at the October 1, 2015 funding meeting as a \$4,380,000 loan for 30 years at 2.5% interest and a \$400,000 grant (total \$4,780,000). The motion carried with McKee and Adams opposed.

5. Town of Hatch (Garfield County)

The Town of Hatch made a funding assistance request for a \$25,000 grant for a utility and drainage Master Plan to consist of mapping the town boundaries, simple site survey for grading and drainage information, survey of all existing water system information, review of existing septic system and proposing alternatives for treatment. The plan would also provide a drainage plan for future curb and gutter and storm drainage.

The applicant stated that the Hatch Town water system is owned and maintained by the Town and all residents are on septic systems. Improvements to the system have been done within the past 10 years but updating a master plan has not been done since 2004. This plan would assess all utilities and drainage of the Town.

The Board inquired as to whether the applicant had gone through a competitive bidding process.

The applicant indicated collaboration with Five County AOG to assist for the bid proposal and had chosen the low bidder. They referred to meeting with the Rural Planning Group (RPG) and intend to take advantage of their assistance.

The Board encouraged the Town to work with the engineer and RPG and again referred to the procurement process being State law unless the project is under \$5,000.00 indicating the potential of cost savings.

The Board discussed funding options.

Gregg Galecki made and Jim Matson seconded a motion placing this project on the Priority List for funding consideration at the October 1, 2015 as a \$25,000 grant. The motion carried with Bruce Adams absent for the vote.

6. Beaver County Fire Special Service District #1 (Beaver County)

Beaver County Fire SSD #1 made a funding assistance request for a \$207,000 loan for 15 years at 0.0% interest and a \$200,000 grant (total \$407,000) for the purchase of a 2015 Ferrara MVP 1,000 gallon pumper truck with equipment and decals. The applicant is contributing \$120,000 cash.

The applicant indicated that Beaver County Fire SSD #1 is a volunteer department with three older trucks available for use (1982, 1984, and 1994). The District provides fire and ambulance protection to the residents in the eastern portion of Beaver County. This truck would replace the 1982 truck which is no longer reliable. They have a repair and replacement fund of \$120,000.

The Board asked if Beaver County was contributing financially.

The applicant indicated that the County had not offered financial assistance.

The Board discussed funding options.

Gregg Galecki made and Naghi Zeenati seconded a motion placing this project on the Priority List for funding consideration at the October 1, 2015 funding meeting as a \$250,000 loan for 15 years at 1.5% interest and a \$157,000 grant (total \$407,000).

The Board indicated that the public hearing indicated \$300,000 but the request is for \$407,000 and expressed concern that the public may rely on public hearing minutes for information, questioning whether an additional public hearing should be considered.

The Board considered requesting a new public hearing.

Ron Winterton made and Jim Matson seconded a substitute motion placing this project on the Pending List to allow an additional public hearing prior to the October 1, 2015 funding meeting.

Following further discussion to the fact that the public was not substantially misled, the motion was withdrawn.

After further Board discussion, a second substitute motion was made.

Claudia Jarrett made and Steve Farrell seconded a second substitute motion placing this project on the Priority List for funding consideration at the October 1, 2015 funding meeting as a \$207,000 loan for 15 years at 0.0% interest and a \$200,000 grant (total \$407,000). The motion carried with Gregg Galecki opposed.

7. Town of Springdale (Washington County)

The Town of Springdale presented a funding assistance request for a \$15,000 grant to create a transportation master plan addressing future development, growth and issues associated with an increasing number of visitors to Zion National Park. The plan will also evaluate viable transportation options, plan for expansion of user systems and ensure compliance with all code requirements. The applicant is contributing \$15,000 cash.

The Board asked the applicant if they had held a public hearing.

The applicant indicated that the public hearing was part of the Town Council meeting on June 3, 2015 and stated that they have complied with the State bidding process and received four bids for the project. The project scope was increased for additional detail.

The Board referred to the statement that the Town could fund this plan but the engineering firm recommended coming to CIB.

The applicant indicated that the project scope was increased for additional detail.

The Board discussed funding options.

Bruce Adams made and Jae Potter seconded a motion placing this project on the Priority List for funding consideration at the October 1, 2015 funding meeting as a \$15,000 grant. The motion carried unanimously.

8. Town of Torrey (Wayne County)

The Town of Torrey presented a funding assistance request for a \$395,000 grant for the purchase of approximately 2.66 acres of property including buildings adjacent to the park and town hall/firehouse for the purpose of consolidating and enlarging the town hall, park and pavilion and providing secure storage for equipment.

The applicant indicated that there is a house and two commercial buildings on the property which includes two building lots of open ground each 1.6 acres. The property is fenced.

The Board expressed concern that the applicant was not contributing any funding for the purchase.

The applicant indicated there would be some funding available in another fund.

The Board suggested funding a \$345,000 grant with \$50,000 contributed from the Town.

Mike McKee made and Jim Matson seconded a motion placing this project on the Priority List for funding consideration at the October 1, 2005 funding meeting as a \$345,000 grant. The motion carried unanimously.

9. Town of Bicknell (Wayne County)

The Town of Bicknell presented a funding assistance request for a \$50,000 grant to purchase an E36 T4 ZTS Bobcat compact excavator and a two axle tilt deck trailer.

The applicant stated that water rates have increased. They self-maintain two water systems, streets, cemetery and storm drain system with an aging backhoe. At times they rent a mini excavator at \$200 per hour for digging water lines near fences, graves, cleaning out storm drain ditches, and maintenance work on the mountain springs pipeline. The applicant acknowledged the lack of an applicant cash contribution and indicated the town truly has no cash to contribute.

The Board expressed appreciation to the mayor and the contributed efforts of the town. The Board discussed funding options.

Naghi Zeenati made and Claudia Jarrett seconded a motion placing this project on the Priority List for funding consideration at the October 1, 2015 funding meeting as a \$50,000 grant. The motion carried unanimously.

10. Morgan County (Morgan County)

Morgan County presented a funding assistance request for a \$200,000 grant for the repair and maintenance of 28,400 lineal feet (5.4 miles) of roadway surfaces and shoulders of Old Highway Road, Valley Drive, Richville Lane connector and Croydon Road including asphalt patching, leveling course, overlay, seal coats and crack sealing. The applicant is contributing \$200,000 cash.

The applicant indicated they have completed a 10 year maintenance program for Morgan County which brought to light several concerns. The two main roads going through Morgan County to be improved in this project are Old Highway Road and Morgan Valley Drive. The County may not be eligible for federal grants in the near future. Current indebtedness prevents additional bonds until current loans are retired.

The Board acknowledged the merit of the project, but indicated that the location of this project was not in an impacted area. The Board suggested that funding be authorized as a loan.

Mike McKee made and Naghi Zeenati seconded a motion placing this project on the Priority List for funding consideration at the October 1, 2015 funding meeting as a \$200,000 loan for 10 years at 1.5% interest.

The Board discussed the standard interest rate and a substitute motion was made.

Jae Potter made and Gregg Galecki seconded a substitute motion placing this project on the Priority List for funding consideration at the October 1, 2015 funding meeting as a \$200,000 loan for 10 years at 2.5% interest. The motion carried unanimously.

IV. Request for Special Consideration

Chairman Heaton requested a motion to hear the Request for Special Consideration.

Jae Potter made and Naghi Zeenati seconded a motion to hear the Request for Special Consideration from the Six County Infrastructure Coalition. The motion carried unanimously.

1. Six County Infrastructure Coalition (Uintah Basin)

The Six County Infrastructure Coalition (SCIC) presented a funding assistance request for an \$890,000 loan for 30 years at 2.5% interest and a \$460,000 grant (total \$1,350,000) for Phase I of the Bookcliffs Electrical Transmission Project including the design and construction of approximately 2 miles of wood H-frame poles

and transmission line through areas with critical property constraints. The applicant is requesting the Board to suspend its rules and allocate funding at this meeting.

The applicant acknowledged the uniqueness of this project and cited power outages and air quality issues due to an increase in the electrical load growth in the Uintah Basin. Electrical service has become unreliable with an increased use of propane, waste natural gas and diesel.

The Board expressed concern about the type of project and appropriateness for CIB funding citing the statute for provision of public facilities and services. Is this project a conduit for a commodity which the applicant does not have or own?

The applicant stated the SCIC would own this segment of transmission line which would provide additional capacity to move power from the Bonanza Power Plant in Uintah County. The Coalition would contract for expertise in electrical power transmission and delivery. Revenues would be generated by transmitting electricity.

The Board legal counsel indicated that there could be a conflict with CIB Board members serving as the officers of the Coalition and suggested there be an affidavit on file disclosing the information.

The affiliated Board members addressed those concerns indicating positive legal opinions from county attorneys and voicing affiliations for the record.

Jim Matson made and Steve Farrell seconded a motion to suspend the rules and fund this project as an \$890,000 loan for 30 years at 2.5% interest and \$460,000 grant (total \$1,350,000).

There was further Board discussion.

The Board asked if the applicant had sought other funding sources and voiced a concern as to the revenue source for repayment should contractual agreements fail.

The applicant indicated that the time constraints for other funding were prohibitive and this project needs to move forward in a timely manner. The Coalition or County indicated no other source for repayment.

The Board stated that if all rights of way are in place, why was the applicant seeking suspend and fund.

The applicant indicated the existence of proprietary information, but also indicated a possibility of running out of power, escalated brown-out periods and system overload.

The Board asked why the power provider is not providing increased infrastructure and power and referred to the denial of similar projects coming for funding from this Board.

The applicant indicated that the existing transmission projects are intended to move power from the Wyoming area to Nevada and California with no drop-off points in the Basin. This two mile segment of transmission line will distribute power locally and is important to be in place before the irrigation system comes on in the spring.

The Board legal counsel asked if the Board members on the coalition had a duty to share all information with the Board members to sustain duties and asked again if Board members wanted to recuse themselves.

Board members indicated their intent to vote and most indicated support of the project.

The Board requested that the applicant provide a business model for the project.

The applicant indicated the need to provide the power and utilize the right of way available to build the line.

The Board legal counsel asked if the coalition is going to sell electricity; is there a need to be regulated and inquired if they had Federal Energy Regulatory Commission (FERC) approval for the transmission of electrical power.

The applicant indicated that the approval was only needed if power crossed state lines and indicated their understanding was that when electricity is provided by a public body it is not regulated. The applicant stated that they have not entered into any contracts for the supply of power or with users of the power but will secure stable repayment through contracts with users of the line. The applicant is also requesting the Board authorize taxable bonds as there may be more than 10% private users.

The Chairman called the question.

Jim Matson made and Steve Farrell seconded a motion to suspend the rules and fund this project as an \$890,000 loan for 30 years at 2.5% interest as a taxable bond and \$460,000 grant (total \$1,350,000). The motion carried with six ayes (Matson, Galecki, Potter, McKee, Jarrett, Farrell) and two nays (Ellis, Zeenati). Bruce Adams abstained.

ADJOURNMENT

The next regularly scheduled meeting of the Permanent Community Impact Fund Board will be Thursday, September 3, 2015 in the Department of Environmental Quality's Board Room at the Multi-Agency State Office Building, 195 North 1950 West, Salt Lake City.

This meeting adjourned at 12:20 p.m.

Submitted by:
Cristine Rhead